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MEMORANDUM FOR: []

SUBJECT: REPORT ON FINANCES--DTLINEN

Document No.	091010
No Change in Class.	<input checked="" type="checkbox"/>
<input type="checkbox"/> Date 27 October 1950	Oct 27 1950
Class Change to: 10 8 C	
Next Delivery Date:	
Auth.: RIN 70-3	
Date: 09 10 1950	

A. AMOUNTS AND SOURCES

1. OPC. Subject organization allocated \$25,000 for fiscal year 1951. This is paid at the rate of DM 6000 per month.
2. [] DM 100,000 made available. To be paid at the rate of DM 15,000 per month, beginning 1 August 1950.
3. Berlin City Government. "5/6 of OPC subsidy" (or DM 5000 monthly), 880 CHG/MU, 8 Sept.
4. Federal Republic Subsidy. Varying, amount not known to this office. 880 CHG/MU, 8 Sept states it to be larger than OPC subsidy during months of May and June 1950.
5. CIC. According to [], an undetermined but small amount is received from the CIC each month for supplying intelligence. Amount disbursed not sufficient to affect control in any way.
6. Miscellaneous. Various Kampfgruppe services, such as the "Search Service" (locating PW's and Political Refugees); news releases to RIAS and the Press; membership dues, etc.

The Kampfgruppe lists the following amounts as their total income for the months of March through June:

March	14,000 DM's
April	13,000
May	24,000
June	17,000

These figures are for the period before [] funds were made available. Estimated DTLINEN monthly income currently totals between 25,000 and 35,000 DM's per month, depending on number of services sold and variance in amount of Federal Government subsidy.

B. METHOD OF PAYMENT

1. OPC Subsidy. The channel for the OPC monthly subsidy of DM 6000 is from the Berlin Chief of Station to an OPC staff agent, who

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then makes payment through [] an indigenous cut-out, to Hildebrandt or Tillich. Once a month the Subject organization submits, through the same channels, a receipt for the amount received, plus a complete monthly statement of total income, expenditure, and cash on hand.

2. [] An analysis of the subject file indicates that [] funds are passed for [], the labor leader, ostensibly from his labor contacts.

It was [] who personally made the first payment and who, at that time, transmitted to DTLINEN the strong operational and organizational guidance they were in need of.

From the File:

"1. [] and I have discussed and are in complete agreement
(A) DTLINEN has urgent need additional 15,000 marks monthly,
(B) [] should pass this money.

FRAN 492, 3 July 50"

"4. DTLINEN therefore has fulfilled conditions made by [] before fixed sum of DM 15,000 monthly could be given in his name. This aid was due to start with the August payment.

FRAN 709, 16 Aug 1950"

C. DTLINEN Conjecture on Sources of Income.

1. All nominal liaison between the OPC staff agent and the DTLINEN group is carried on through [], a reporter and member of the editorial staff of the Berlin Neue Zeitung. [] has, over a period of time, become aware of the fact that he is dealing with Americans who are in some way connected with the US government. It is doubtful if his knowledge or speculation goes beyond this.
2. Interested DTLINEN officials are also probably aware that the OPC subsidy is coming from US government sources. They know that it is not CIC, inasmuch as they already receive a small amount from CIC from time to time. They probably believe that the money comes from HICOG. Evidence as to what they were originally told was the source of this subsidy is not available here.
3. Additional evidence to substantiate the above is contained in 880 CHGWU, 8 Sept 50 from [], in a special report on DTLINEN financial status:

"Setting up this second line of defense (offices in the west) requires additional funds and, since it was undertaken before such funds were available, DTLINEN found itself in a precarious financial situation. They have, therefore, seriously considered the acceptance of financial

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assistance proffered by British and French intelligence agencies... Both Hildebrandt and Tillich are opposed to accepting subsidies from the sources mentioned in paragraph D, but they are under strong pressure from some of their co-workers." 880-CHGWU, 8 Sept 50.

4. According to this, Hildebrandt and Tillich are at least aware of having declined British and French support, which rules out the possibility of the DM 6000 coming from either of these two sources. This, plus additional evidence which cut-out [] is able to supply, makes identification of this subsidy with American sources a certainty.
5. The [] funds involved are passed in the name of [] official representative of [] This identifies these funds with the US. They are probably passed for Brown by [] in Berlin. *U.S. from []*

D. OPC Control of DTLINEN

1. The overall goals of the DTLINEN group have proven to be such that the problem of control has not been of primary importance in OPC relations with Subject.
2. On the one occasion when strong operational and organizational guidance was needed by DTLINEN, it was accepted by them and acted upon as a prerequisite to additional financial support. As a result of the addition of [] funds, OPC is presently capable of drying up 2/3 of the total DTLINEN income. This, as a method of control, is adequate for the immediate future, but cannot be relied upon as a final and lasting solution. The work done by DTLINEN in attacking and combating communism has achieved international publicity, and, as a result, DTLINEN would not experience too much difficulty in obtaining funds from other sources.
3. In the event of any real fundamental change of policy, such as their engaging in a political fight for ^{UNIFICATION OF} Germany rather than in activity in the field of psychological warfare, it is doubtful that OPC control is, at present, sufficient to alter such a decision.
4. The best way in which a type of control can be achieved is by giving DTLINEN guidance and operational support whenever possible, thus gradually building up in DTLINEN a confidence in our ability to be of better assistance to them than any other source. We must, in this way, see that development continues along lines parallel to the long-range targets of the OPC German Mission.
5. Another, and more long-range, plan to obtain control, would be the actual recruitment of key personnel within the DTLINEN organization--Dr. Hildebrandt and Ernst Tillich--if it can be determined that they will continue to control DTLINEN.

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